

Message Text

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FROM GERLACH

E.O. 11652: NA

TAGS: USEGJC EINV EG

SUBJECT: INVESTMENT IN EGYPT: US FIRMS STILL INTERESTED

REF: CAIRO 10515 OF DEC 1974

1. AT RECENT MEETING OF INVESTMENT AND FREE ZONE AUTHORITY, BOARD OF DIRECTORS REPORTEDLY APPROVED 39 INVESTMENT PROPOSALS, THREE INTENDED FOR FREE ZONES AND THE REMAINDER IN EGYPT.

2. AT LEAST THREE PROPOSALS CAN BE IDENTIFIED AS BEING PRESENTED BY US COMPANIES: CARLAND MARINE (REFTEL), BLAST FREEZING/COLD STORAGE PLANT AND MANUFACTURE OF EXPANDED POLYURETHANE FOAM INSULATION; TABOR METALS ALUMINUM EXTRUSION PLANT IN CANAL AREA; ROCKWELL INTERNATIONAL, OIL FIELD EQUIPMENT.

3. FIRST TWO COMPANIES STILL FACE NUMBER OF SERIOUS PROBLEMS (MOSTLY FINANCIAL) BEFORE ACTUAL IMPLEMENTATION OF PROJECTS CAN BEGIN, BUT BOTH APPEAR TO BE CONVINCED THEY CAN DO BUSINESS HERE. INVESTMENTS ARE RELATIVELY SMALL IN SCALE (CARLAND ABOUT \$11 MILLION, TABOR ABOUT \$5 MILLION) BUT IF SUCCESSFUL
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WOULD MAKE A USEFUL CONTRIBUTION TO EGYPTIAN ECONOMY.

4. WE UNDERSTAND THAT OPIC FIGURES IN PLANS OF CALAND AND TABOR, PARTICULARLY CARLAND, AND THAT BOTH COMPANIES HAVE ALREADY BEEN IN TOUCH WITH OPIC IN WASHINGTON RE THEIR DESIRES. THERE ARE EVIDENTLY SOME PROBLEMS IN THIS RESPECT, ON WHICH WE DO NOT HAVE DETAILS, WHICH COULD PRODUCE FURTHER DEALYS IN IMPLEMENTATION.

5. COMMENT: SORING OUT ACTUAL STATUS OF INVESTMENTS IN EGYPT IS ARCAINE ART, THAT DEPENDS MORE ON VISCERAL THAN INTELLECTUAL ASSESSMENT AND HAS ABSOLUTELY NOTHING TO DO WITH PRESS REPORTS OR INFO FROM POTENTIAL INVESTORS (ESPECIALLY SMALL ONES). US AND UK PARTNERS REMAIN HYPER-ENTHUSIASTIC OVER CARLAND PROJECT, FOR EXAMPLE, BUT HAVE NEVER EVEN CONSIDERED QUESTION OF PROFIT REMITTANCES. THEY APPEAR TOTALLY CONVINCED THAT THEY ARE AS GOOD AS IN OPERATION, DESPITE FACT THAT THEY DO NOT YET HAVE FUNDS NECESSARY FOR INVESTMENT, OR ANY IDEA HOW THEY WILL GET PROFIT (IF ANY) OUT OF COUNTRY.

6. IN RELATED MANNER IT IS DIFFICULT TO TELL WHETHER APPROVALS GRANTED BY AUTHORITY WERE FOR PRELIMINARY OR FINAL PROPOSALS. CARLAND, AGAIN AS AN ILLUSTRATION, HAS RATHER IMPRESSIVE FEASIBILITY STUDY, BUT DOES NOT HAVE OTHER EQUALLY IMPORTANT MATTERS IN HAND AS ABOVE.

7. IN ANY EVENT, ACTIVITY ON THE INVESTMENT FRONT EVIDENTLY CONTINUES, AND IS CONTINUOUSLY PUBLICIZED. RECENT REPORT TO PEOPLE'S ASSEMBLY, HOWEVER, STATED THAT OF 300 (SIC) PROJECTS APPROVED BY GOE, ONLY 7 ARE ACTUALLY BEING IMPLEMENTED.

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